

# LA-UR-22-20962

Approved for public release; distribution is unlimited.

**Title:** As commercial as we can be – scaling procurement at LANL

**Author(s):** Hipp, Christine K.

**Intended for:** Webinar

**Issued:** 2022-02-04





Los Alamos National Laboratory, an affirmative action/equal opportunity employer, is operated by Triad National Security, LLC for the National Nuclear Security Administration of U.S. Department of Energy under contract 89233218CNA000001. By approving this article, the publisher recognizes that the U.S. Government retains nonexclusive, royalty-free license to publish or reproduce the published form of this contribution, or to allow others to do so, for U.S. Government purposes. Los Alamos National Laboratory requests that the publisher identify this article as work performed under the auspices of the U.S. Department of Energy. Los Alamos National Laboratory strongly supports academic freedom and a researcher's right to publish; as an institution, however, the Laboratory does not endorse the viewpoint of a publication or guarantee its technical correctness.





# As commercial as we can be – scaling procurement at LANL

**Christine Hipp**  
ASM Center of Excellence Group Leader

February 7, 2022



# Agenda

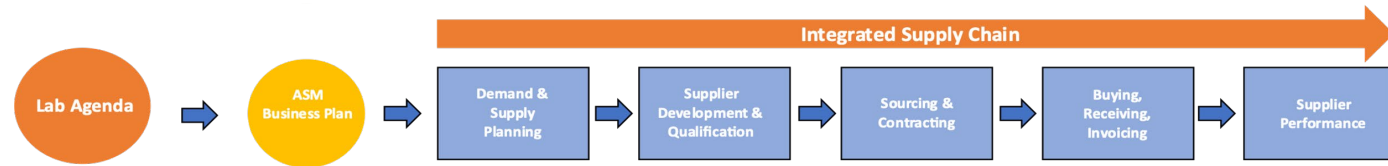
- Procurement at a glance
- Lessons from industry
- LANL's approach to procurement excellence
  - Strategy
  - Structure
  - Skills
  - Solutions
  - Suppliers





# Procurement at a glance

- \$1.4B
- Small and local
  - \$819M to small business
  - \$505M to New Mexico business
  - \$407M to New Mexico small business
  - 1100 small business vendors
- 107 acquisition professionals



LANL's integrated supply chain supports the Laboratory agenda





# Applying commercial principles at LANL

## Intel, Congress, Ohio

- **Mission:** "Ultimately, we hope to establish the largest semiconductor manufacturing site on the planet." - Intel
- **Gov't partnership:** United States Innovation and Competition Act; Ohio megaproject incentives
- **Investment:** \$20B investment in 2 Fabs
- **Partner Suppliers:** 4 key suppliers, following the project, 30 additional suppliers will move, and 140 in already in Ohio
- **Workforce:** University partnerships, local ecosystem
- **Impact:** 3K workers + construction + indirect
- **Local ecosystem:** Facebook, Google, Amazon, logistics partners
- **System:** Ariba

## LANL, NNSA, New Mexico

- **Mission:** "The plutonium pit production mission is one of our highest national security priorities..." - NNSA
- **Gov't Partnership:** Regional purchasing program, "Golden Ticket"
- **Investment:** approx. \$20B over 5 years
- **Partner Suppliers:** 6 key suppliers (Fluor, HII, Techsource, L&A, Merrick-SMSI, Pueblo Alliance) and \$500M to NM suppliers
- **Workforce:** University partnerships, local ecosystem
- **Impact:** 10K workers + construction + indirect
- **Local ecosystem:** Sandia, Kirtland, Tier 1 Defense Primes, DoE Complex Suppliers
- **System:** Ariba

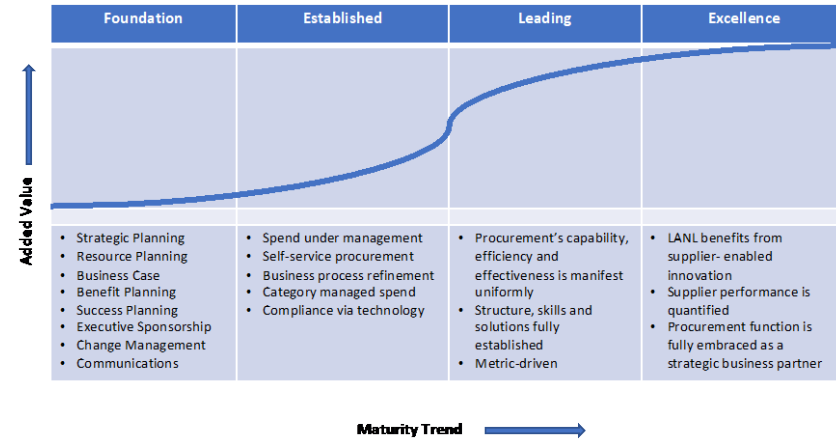
Procurement is central to mission delivery and operational success





# Procurement excellence

- Focus on mission
- Value for money
- Partner with government
- Leverage key suppliers
- Develop the workforce
- Maximize small and local impact
- Participate in the ecosystem
- Preferred customer



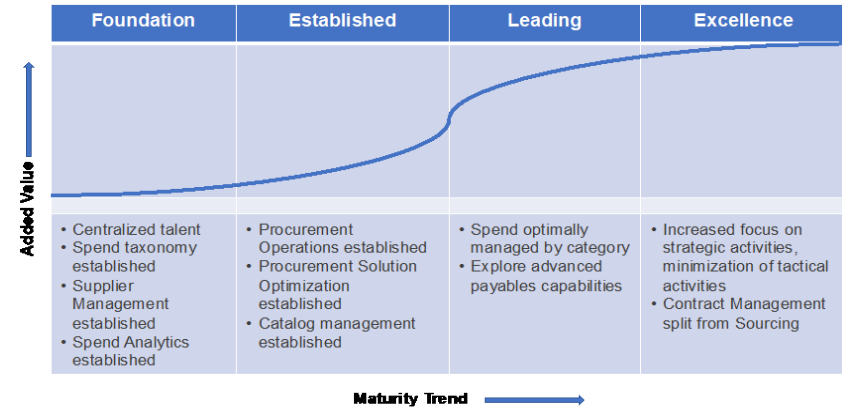
Procurement at LANL has established a foundation in key areas to scale and support aggressive mission growth





# Organizing for success

- Aligning to deliver value
  - Innovation, category and supplier relationship management, transaction management
  - Business partnership and strategic procurement
- Top talent magnet
  - Modern organization structure, functional job descriptions, competencies
  - Industry leading tools
  - Important mission



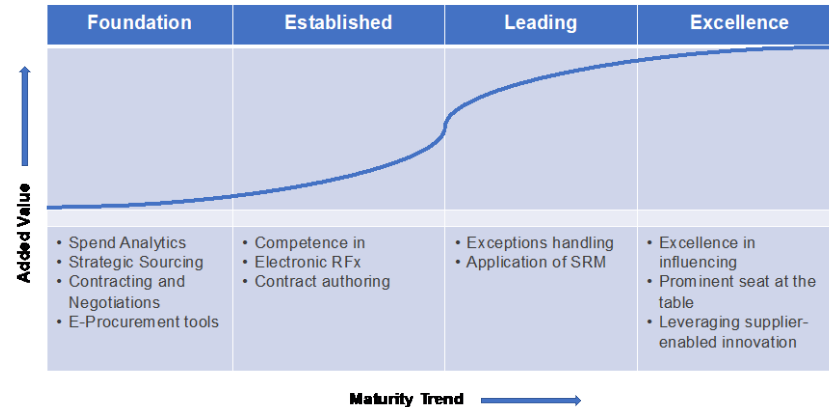
LANL needs to attract top procurement talent to sustain its progress and support Laboratory growth





# Developing the team

- Developing acquisition professionals to meet LANL's needs
  - Procurement Academy - Commercial, Industry, LANL
  - Value for money and trust
  - Fostering risk taking and exploration



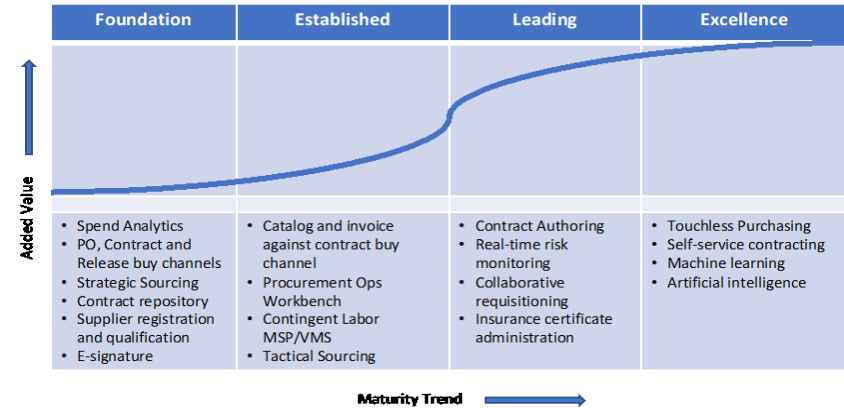
Continuing to improve and stay relevant as Laboratory needs change





# Using commercial tools

- LANL's approach aligns with commercial workflows, processes, and tools
  - Ariba
  - Fieldglass



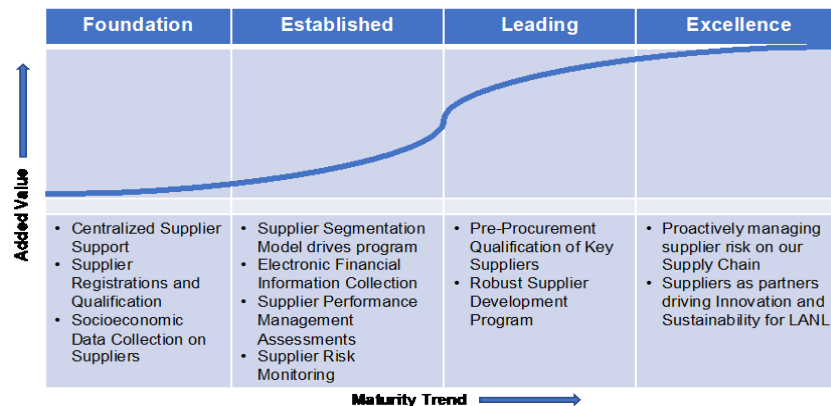
LANL has adopted industry leading tools to facilitate procurement





# Partnering with suppliers

- Small business executive council integrated with laboratory operations
- Critical suppliers initiative
- Small and local pricing preferences
- Proteges aligned by Associate Lab Directorate
- Efficient contract vehicles



LANL's supply chain is integral to Laboratory operations





# Discussion and Questions

- Focus on mission
- Value for money
- Partner with government
- Leverage key suppliers
- Develop the workforce
- Maximize small and local impact
- Participate in the ecosystem
- Preferred customer

